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W O O L I N T H E P O S T - W A R W O R L D

Address Given By

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Mr. President, Ladies and Gentlemen:

I regard it as a great honour to be asked to speak before this Society. I know that everybody here in Bradford is an expert on wool: and it is rather a novel experience for a non-expert like myself to speak before such a large audience of experts. What's more, I cannot even claim to be a practical expert on the wool growing side. So you see, I'm merely one of those people who call themselves economists and who spend a great deal of their time looking at figures. I've been looking at wool figures for the past seven years: but I know very well that by Bradford standards, this is a very short span of time indeed for acquiring a proper working knowledge of this very complex and interesting industry for which your town and your district are so famed.

However, even though I am merely a beginner in my eighth year, my figures do tell me many things which interest me very much indeed. I am always amazed when people come and say: "Just imagine, looking at all these statistics. Don't you find that very dry?" It always seems to me that this betrays rather a lack of imagination. Why should statistics be so dry? Figures are symbols like words, and just like words they can be read to tell very fascinating and at times very moving stories - though, unfortunately, reading and interpreting figures does not always mean that a solution for the problems they show can easily be found. Look, for instance, at the latest world wheat statistics. These figures certainly are not dry stuff but a very dramatic account and unfortunately a terribly distressing one, telling a tale of growing suffering and even of certain death for millions in the near future.

Since the Great Depression of the early thirties, we have come to think of the world's central problem as "Poverty in the Midst of Plenty". This was the baffling economic paradox against which remedies were sought - and now we find that the world food situation presents us with a different, a less paradox but even more terrifying short-term problem of "Poverty in the Midst of Extreme Scarcity".

It has been said that "generals always fight the last war and economists always fight the last slump". The generals - at least, the generals on our side - have exonerated themselves very well from this accusation during the past war. Now it is for the economists to exonerate themselves by finding the right diagnosis and remedies for this terribly difficult economic transition period. The food situation as it now presents itself is of such seriousness that even the maximum degree of economic wisdom and political cooperation will not make it possible to avoid but merely to mitigate conditions of famine in various parts of the world.

Wool, on the other hand, is one of the few world staples where the pre-war economic paradox of "Poverty in the Midst of Plenty" still applies. Indeed, it has been accentuated to an unprecedented degree by the impact of war. Stocks of raw wool in the world today are estimated at about 4,000 million lbs. - an amount which is much larger than at any previous time in the history of wool marketing. Stocks of Empire wool represent about three-quarters of this total and they are four times as large as the stocks left over at the end of the last war - and about 30 times as large as average end-of-season stocks in the three main exporting Dominions during the inter-war period. At the same time, millions all over the world are shivering for lack of blankets and warm protective clothing and even in the more "well-to-do" countries, civilian supplies of wool goods are short and consumers cannot get what they want.

We all know more or less how this situation arose. After the fall of France, the entire European continent was practically cut off, and this meant the cutting off of an area which, before the war, had absorbed 50 to 60 per cent of the world's exportable surplus of wool. In this country the wartime output of wool goods for civilian uses had to be reduced to one third of the pre-war level. The over-all rate of U. K. wool consumption for all uses - including military requirements - was, of course, considerably higher but it declined progressively and in 1944 it was only 65 per cent of the pre-war average. This corresponds roughly to the war-time reduction in the wool textile labour force which by June 1945 was about two thirds of the June 1939 level. In the United States, the wartime rate of total wool consumption reached the unprecedented high of over 1,000 million lbs. and the use of imported wool was proportionately - and at times even more than proportionately - increased. Domestic consumption in Australia and in Argentina was also stepped up very considerably - but the increase of consumption in all these countries was far from sufficient to make up for the reduction of consumption in the United Kingdom, the stoppage of supplies to the Continent and, from the end of 1941 onward, to Japan. On balance, world wool consumption during the war could only absorb about two-thirds of current supplies from the five main exporting countries; which meant that by the summer of 1945, that is, after nearly six years of war, the accumulation of stocks of wool from the Dominions and South American countries had reached a total equal to about two years' supply.

At the same time, home-grown American wool has been piling up in the warehouses of the Commodity Credit Corporation which is the agency acting on behalf of the American Government in their domestic wool bulk purchase programme. As you probably know, the prices quoted for domestic American wool up to December last ranged at levels which were about 15 per cent above the duty-paid values of the comparable imported qualities. During the period of large-scale military requirements, the consumption of American home-grown wool was furthered by special priorities and rebates given to American manufacturers who used these higher-priced wools in the execution of their military contracts. However, with the reversion of manufacture to the supply for civilian use and with the availability of Dominion wools in a free market, these special arrangements lost their effectiveness and American home-grown wool could not be absorbed. You probably heard of all the various quota and other schemes designed to limit sales or imports of foreign wool and to safeguard the disposals of the home-grown clip in the American market. None of these schemes have been endorsed so far but in the meantime, the Commodity Credits Corporation decided in December last to lower the selling prices for domestic wool whilst, at the same time, maintaining the prices paid to producers at the old level. This means, in fact, a subsidy borne by the taxpayer. Since 1942, there has been a progressive decline in American wool production and the volume of the 1945 clip is estimated at 400 million lbs. which is 13 per cent below the peak level of 1942. Despite this reduction, however, America is still

the world's third largest wool producer, ranking next in importance to Australia and Argentina.

Severe drought conditions have also caused a substantial reduction in the wool clips of Australia and South Africa, Australian sheep numbers have been seriously affected and the clip for the 1945/46 season is estimated at about 850 million lbs., or 25 per cent less than the 1943/44 level. For South Africa the 1945/46 estimate is 195 million lbs. or 22 per cent less than in 1943/44. At least another two seasons will probably be required to make up for these drought losses. Over the longer period, it may be expected, however, that the scale of output in the main overseas exporting countries will be at least equal to the war-time level and this was also the basis assumed for the long term calculations of the delegates attending the inter-Governmental Wool Conference in London in the spring of last year.

That Conference was faced with the big task of working out methods for the orderly disposal of the large accumulation of stocks then owned by the British Government. As a result of these discussions, the four Governments of the United Kingdom, Australia, New Zealand and South Africa agreed to go into partnership and to establish a registered company, called the Joint Organization. This new organization will take charge of the marketing of the old wool and support the marketing of current clips throughout the period of disposal of stocks. I shall say a little more later on about the technical side of these new marketing arrangements. But, first I want to give a survey of the more general aspects of world wool consumption because I think you will agree that the question of marketing technique - however important - is of lesser significance than the basic problem of the scale of future world demand.

This was also realized by the delegates to the London Conference. As you know, the Conference estimated that "on reasonably optimistic assumptions, the disposal of stocks of Empire wool alongside new clips may be carried out in a period of 12 to 13 years." In view of what we said earlier about the millions clamouring for wool all over the world, this may seem a long period indeed. But when we look at the estimate a little more closely we can see that it does not overstate the problem - though it can also be seen that given a vigorous approach, the future for wool can be quite bright. I shall try to give a brief and unbiased account of some aspects of the problem.

The London Wool Conference estimate was based on the assumption that under conditions of economic stability and relative prosperity, world wool consumption from the five main exporting countries might be increased by about 20 per cent above the pre-war level. Now we must remember in this connection that the two chief enemy countries - Germany and Japan - took up more than one fifth of world exports of apparel wool before the war. Indications are that the wool consumption of these two countries will be limited to a level considerably below pre-war for a number of years to come. This means that in order to achieve an over-all world increase of 20 per cent above pre-war, consumption in all other main importing countries must be increased by about one third or more above the pre-war level. This is quite a tall order.

I want to deal last with the consumption prospects in the United Kingdom because this is a subject of such special interest that I should like to consider it in a little more detail. So I shall first say a few words about the consumption prospects in some of the other main consuming countries.

Let us start with the United States. The volume of imports taken by that country during the next decade may conceivably be considerably more than 20 per

cent above pre-war. It would be optimistic to assume that the record wartime rate of wool consumption at almost twice the pre-war level can be perpetuated under peacetime conditions - but even if the peacetime consumption rate in the United States settles down at about one quarter above pre-war, this would have the effect of raising imports by nearly 100 per cent. But there are two points to be remembered in this connection. The first regards the general prosperity level in the American market. There is no guarantee that the present boom which seems to break through the cordon of price and wage control may not be followed by a severe slump. Secondly it must be remembered that during 1934/38, American imports of apparel wool merely accounted for about 6 per cent of average world apparel wool exports during this period - so that even a doubling of pre-war imports would merely mean the absorption of about 12 per cent of the exportable surplus provided by current clips.

Continental countries other than Germany took up over 40 percent of average pre-war world wool exports. The two largest importers were France and Belgium which took up 18 per cent and 11 per cent respectively of the world total. (I am allowing here for the quite substantial amounts of overseas wool which were re-exported to these countries from the United Kingdom.) Before D. Day there were grave and justifiable fears that the wool textile machinery equipment in Belgium and in the North of France might be severely damaged in the great fight ahead. As things turned out, the mills in these regions were spared from severe destruction - but even so the process of restarting after the liberation was inevitably a slow one. Even where shipments of raw materials could be speedily effected, reconstruction was complicated by the shortage of fuel and by transport difficulties. Fortunately, we are now receiving reports, telling us of progressive recovery of the wool textile industries in these countries - but the prospects of an increase by one third above pre-war consumption are certainly still a long way off and there is, of course, no a priori reason for the belief that they can be achieved even in the long run.

In Italy we are now witnessing the beginning of industrial reconstruction. There, too, wool textile machinery equipment has remained fairly intact. The fuel position of the wool textile industry is also improving. A special arrangement has been made for the supply of South African coal. Besides, most of the Italian wool textile plants were concentrated in the North and this means that they are situated in a region where supply of electric power is much more plentiful than in the heavily ravaged Southern districts. Electric power cannot be used for <u>all</u> processes but it is great stand-by for some of them. The main bottleneck hampering the use of capacity there was the Italian Government's shortage of foreign exchange to buy raw wool supplies. Whatever our expectations may be of the brave new world, as things stand the lack of cash is still considered an awkward impediment in trade with other countries. But in this case, a rather interesting new scheme has been devised. Under this scheme, private traders in the United Kingdom are being encouraged to conclude contracts for commission work done by Italian mills. With the present bottleneck of the labour shortage hampering a quick rate of expansion in this country, this sytem of "farming out" work to other countries does not, for the time being, compete with production over here but serves all parties. The "commission" is paid in kind and this helps the Italian mills to get started on some limited output for their own domestic needs as well. Contracts for commission work have also been concluded with French and Belgian mills; but there the pre-war practise of settlement by cash payments has been retained.

In Czechoslovakia, as you probably know, all mills employing more than 400 workers and employees have been nationalised, and we expect that the Czech Government will now probably come forward as a bulk buyer of wool to supply its nation-

alised industry. In other Central and South Eastern European countries, the provision of raw wool supplies is still largely in the hands of UNRRA, who have bought quite substantial amounts.

In short, the various continental countries are now in very different phases of reconstruction. A beginning of recovery can be traced all round and in some of them the pre-war rate of wool consumption may be attained before very long. Expectations of improvement beyond that point are as yet largely in the realm of speculation.

Now I want to say just a few words about the possibilities of increased wool consumption in some other vast regions of the world. To put this matter into proper perspective let me sum up once more that during the 1934/38 period the United Kingdom, the Continent of Europe and the United States absorbed together 86 per cent of all apparel wool entering world trade. Add to this 10 per cent taken up by Japan and you get a total of 96 per cent. This means that the rest of the world which represents nearly three quarters of the world population, merely absorbed 4 per cent of the world's exportable surplus of apparel wool. True, this calculation does not allow for the supply of home-grown wool in these countries, nor for the amounts of yarns and manufactured goods imported by them. But even when all these factors are taken into account, the net per capita wool consumption in some of these regions is quite extraordinarily small. We have worked out such figures of net per capita consumption. They are calculated on the basis of domestic wool production plus imports and minus exports of raw wool, semi-manufactures and piece goods, all converted to a common denominator of clean weight in lbs. and divided by the number of the population. The results of these calculations show that in countries such as India and China, average prewar wool consumption per capita was only about one tenth of a pound, or about two per cent of the per capita level in the United Kingdom. Of course, the climatic factor must be taken into account; but as we all know, there are vast regions in these countries where night temperatures, especially during the cold weather, are severe and the inhabitants could very well do with a great deal more of warm clothing and blankets if they could only afford to procure them. They would probably not want as much as people on these islands but they would certainly want more than two percent of it. There is no doubt that it is lack of purchasing power, not climate, which is the <u>main</u> retarding factor. We are now trying to think out some ways and means of mitigating this deficiency in the effective demand for wool in countries with low living standards such as India. Of course, the <u>basic</u> causes of the deficiency are of such a general economic character that they can only be remedied by vastly greater and more fundamental economic planning than any which we can contemplate. Besides, they are linked very closely with the political situation and the solution of the political deadlock will obviously be an essential premise for any real improvement on the economic plane. So all that we can do in the meantime is to think out some schemes which may seem moderate indeed compared with the wider aspects of economic development - but they may none the less be of some real interest in planning the future of wool. For instance, one of the aspects which interests us very much relates to the possibilities of stimulating output in the handloom section of the Indian industry. I am mentioning this particular point because I also want to show that there are vast fields for encouraging domestic raw wool consumption in these poor countries by means which need not in any way clash with the interests of British exporters of yarns and tissues. The agricultural population in India which pursues hand-spinning and hand-weaving in its less busy periods, can turn out simple goods at such cheap rates and the classes of Indians who buy them, belong to such low income groups that the expansion in this field is not likely to have any detrimental effect on the market for imported British goods. It may interest you to know that according to the Indian Tariff Board Report of 1934, the numbers employed in wool spinning and weaving in the Indian cottage in-

dustries amounted to nearly 300,000 as compared with 5,800 employed in mills. Most of these 300,000 cottage workers were peasants who merely went in for spinning and weaving as a part-time occupation. If they were provided with better implements and with raw materials or credit on more reasonable terms, they might be able to turn out far more and better goods and still at levels which hardly compete with mill output.

Russia is another vast potential market where, before the war, the average per capita rate of wool consumption was only 0.9 lbs. clean, p.a. But this is, of course, a market where the rate of consumption is not a function of individual consumers' reactions but rather of the over-all economic planning under a central scheme. For this reason, it is difficult either to predict or to influence the future level of wool consumption in the Soviet Union.

But I must now come nearer home again and say a few words about the United Kingdom situation. First let me again quote a few figures. During 1934/38, U.K. retained imports of raw wool from the five main exporting countries represented about one quarter of these countries' total exports. The United Kingdom had pride of place as the world's largest net importer of raw wool. How was this wool used? British export returns show a sharp decline in the shipments of yarns and tissues during the last pre-war decade. In 1938, exports of tissues by weight were only 54 per cent of the 1928 level and yarns were 57 per cent. Tops were the only category where exports were maintained at nearly the 1928 level; but the combined weight of exports of tops, yarns and tissues - in millions of lbs. - in 1938 was only 60 percent of the 1928 level. The United Kingdom is the world's largest exporter of tissues, - accounting during the 1928/38 decade for an average of over 40 per cent of the world total; and the decline of U. K. shipments from 1928 to 1938 was roughly in proportion to the world decline. On the other hand, there was no comparable drop in the over-all rate of U. K. consumption but, on the contrary, a steady increase. As you know, Census of Production figures don't provide a continuous series; but some approximate indication of such a series is given by the index of available raw wool supplies". In 1938, this index was about one third above the 1928 level. This fact, seen in conjunction with the decline in exports, can only be interpreted as an indication of a considerable expansion of consumption in the home market over that period. This is also borne out by the actual Census figures for 1930 and 1937. Output of woollen and worsted tissues - for all purposes - in 1937 was 445.5 million square yards as compared with 322.7 million square yards in 1930 - i.e. an increase of 38 per cent. Domestic wool consumption per capita in the United Kingdom during the 1934/38 period averaged over 5 lbs., clean, per annum, and was higher than in any other country.

The economic dislocation caused by the war has had a tremendous effect on the home civilian market and on the export trade. As regards the home market, the severe shortage which still persists is well known to us - even to those outside the industry - from our bitter experiences in our capacity as consumers. At the same time, the wartime decline in the export trade was drastic. Some very pertinent figures were quoted recently by Mr. Edgar Behrens in his address before the Halifax Textile Society and I think I cannot do better than quote them again to illustrate the case. Mr. Behrens pointed out that during the twelve months ending September 1945, shipments were only 34 per cent in tops, only 25 per cent in yarns and 38 per cent in woven tissues of the 1937/39 average. It follows, therefore, that if the target is 175 per cent of pre-war exports, British exporters are faced with the formidable task of doing five times the recent trade in tops, seven times as much in yarns and four and a half times as much in piece goods.

Demand from foreign markets is now extremely keen but the long-term aspects of this problem may well be more serious. Meanwhile, however, the greatest bottleneck is, as we all know, the labour shortage and the slow rate of return of wool

textile workers. This may well be influenced by the discrepancy in relative wage rates which has been accentuated under war conditions - but this is an industrial problem which it is not, I think, within my terms of competence to discuss in any detail.

There is just one point which does come within the sphere of primary producers' interests and which is also of great moment to your great industry and to the economy of the country as a whole. That is the question of relative amounts of different textile raw materials used in manufacture for all uses whether home or export. I wonder, sometimes, whether it is always borne in mind by the authorities that wool is, in fact, the one textile raw material which need not be paid for in foreign exchange, and, in so far as stocks are owned by the British Government, not even in sterling. Cotton must be paid for largely in American dollars and wood pulp for the manufacture of rayon and staple fibre must largely be paid for in Canadian dollars. In view of the severe predicament of our foreign exchange situation, the great advantages of making the most of available raw wool supplies are clear.

Apart from this specific consideration, however, we have a very open mind as regards the use of all other fibres, including synthetics, and we have no intention of fighting any new development. Of course, I may as well say quite frankly that we still believe in the old saying that "Wool, all wool and all of one wool" is the best description of good quality; but we are quite confident to let the supreme quality of the natural wool fibres speak for itself. The banns are now being read very fervently in some quarters for the marriage between wool and synthetics. Well, all that can be said about this on behalf of wool is that the parents on the wool side certainly don't intend to come forward and defame the synthetic bride. We believe in a free democracy of fibres and we believe that they should all be allowed to live freely side by side and even to intermarry in any way they like and to produce any amount of mixed offspring. Indeed, we even think that certain speciality types of this mixed offspring may come out quite decently - though there may be a range of others which merely retain the superficial qualities of wool whilst being seriously impaired in their warmth-giving and other wearing properties. There is just one point about all this which we are very much concerned about. It is an old truth that parents on either side are not always the best and the most impartial judges of the merits of their own children. That is why it is extremely important to get some outside independent judgment and in the case of textiles - whether pure wool, staple fibre or mixed - the independent ultimate arbiter on the question of relative merit must obviously be the final consumer. But no one can be a good arbiter unless he is given full information on which to base his judgment - and the position in this country is unfortunately such that the retail consumer has absolutely no reliable means of detecting the true fibre composition of the articles he buys. In the United States the position is vastly different. The Labelling Act which is in force there requires that all products containing wool and sold in the United States must carry a tag, label or other emblem disclosing their fibre contents in terms of percentages. A special department has been set up by the Federal Trade Commission to supervise and check up on the carrying out of these wool labelling laws. All evidence goes to show that the consumers attach great importance to these labels. In consequence, manufacturers and traders have come to appreciate the selling value of the wool label and they are now anxious to co-operate in carrying out the rules of the Act.

Acts for wool labelling legislation have been prepared by the Government of all Australian States, and plans for such legislation are also being worked out in New Zealand and South Africa.

In the United Kingdom there is no legal protection for the terms "wool" and "woollen". There are only the old Merchandise Marks Acts of 1887 and 1926 which cannot be properly applied to this purpose - and the much more recent Trade Marks Act cannot be applied either.

This lack of adequate legal protection was serious before the war but it has become even more serious by the enactment of wartime orders which are still in force. In the Consumer Rationing Orders and in the Apparel and Textile Orders issued during the war, the Board of Trade has legally sanctioned the definition of "woollen" goods as all those.

"containing more than 15% by weight of Wool"

or in other words, goods which may contain up to 85 per cent of fibres other than "wool"; whilst the term "wool" itself has been defined as any

"fibre, whether or not subject to any process of
"manufacture or recovery, from coat or fleece
"of alpaca, camel, goat, hare, lamb, llama, rabbit,
"sheep, vicuna or yak, and horsehair".

We are told that these definitions were merely adopted as wartime devices to serve the technical purposes of rationing procedure. Even if this point is granted, however, the extended use of these definitions must be regarded as a serious matter. Indeed, it is a matter which affects every individual consumer in this country - especially in view of the fact that the schedule of coupon values under the clothes rationing scheme differentiates as between "woolen" and "non-woollen" items. A woman's dress, for instance, requires 11 coupons when classified as "woolen" and only 7 coupons when classified as "non-woolen". For a man's shirt, the coupon value is 7 when it is "woollen" and 5 when it is made from "other materials"; and for cloth by the square yard the corresponding coupon values are 3 and 2 respectively. So you see, a consumer may make a considerable extra sacrifice in coupon values to obtain a garment which is officially described as "woollen" and which may, in fact, not contain a fibre of real wool. And all this at a time when the severe quantitative restrictions have made consumers more anxious to obtain durable quality goods than probably at any other time. Clearly, it would seem essential to give them full facilities for finding out what they buy.

It is sometimes argued that the introduction of labelling legislation might harm British wool textile export interests. If labelling is made compulsory, it is said, British manufacturers will be forced to disclose the fibre composition of their products whilst their foreign competitors in third markets may be free from such regulations. In this connection I should like to point to the fact that the Wool Labelling Act, as it is now in force in the United States, applies to the internal market only. So you see, the obligation to specify the fibre composition of goods for export is not by any means an integral part of labelling legislation. At the same time, the range of other markets where labelling legislation operates is on the increase; and this means that even in the absence of U. K. legislation, all wool tissues sent to an important section of all overseas markets will need to be labelled.

The question of adequate objective standards is of course also of great importance in regard to such specific quality aspects as, for instance, the non-shrink treatment of wool goods. I suppose you all know about the grand work which has been done in Torridon in this field. I am not an expert in these matters but I take it from the experts that these non-shrink methods are now giving excellent results; and also that the setting up of adequate standards under the War Norm

Certification Mark Scheme has helped a great deal in encouraging the use of truly effective methods.

It is sometimes put to us by so-called "realists" that by supporting the development of new scientific methods for even further perfection of the durability of the wool fibre, non-shrink treatment, anti-moth treatment and so on, the wool growers prove to be rather more virtuous than they are farsighted. "Have you really thought out what will happen?" these realists say, "when you have helped to bring about a state of affairs when consumers will be able to buy an 'eternal suit' which can be worn for much longer periods and which cannot be eaten by moths; supplemented by an eternal pair of socks which can be washed innumerable times without shrinking? All this may be very nice in the interests of progress and higher living standards - but don't you think that it may, on balance, lower the turnover of wool and land you in a slump?"

Well, we have thought it out and we don't believe for a moment that the perfection of scientific methods which improve the wool fibre even further will land us in a slump. On the contrary, we believe in scientific research as one of the great aids to all sections of the wool industry and we have the greatest appreciation for all the wonderful work which is being done in this field in Torridon and at Leeds University.

This was also the sense of all the delegates to the London Wool Conference who put scientific research high up in the scale of essential measures for furthering the interests of wool. As you probably know, the three main woolgrowing Dominions are also carrying out very extensive programmes of pastoral and biological research which have already yielded very remarkable results. All this will be even further expanded in the future.

In conclusion, I now want to say a few words about the marketing arrangements which were agreed by the delegates of the four Governments concerned, at the London Wool Conference. Briefly, these arrangements are as follows:

Current clips are to be offered at auction as in the past. The new Joint Organisation (or J.O. for short) will determine the quantities of old wool offered alongside the new clips. Quantities will be determined in the light of technical considerations and in accordance with general price policy. Reserve prices for the different types will be established and J.O. will take up any market surplus which cannot be sold at these reserve prices. Obviously J.O.'s market policy will have to be influenced not only by the size but also by the composition of stocks. As you probably know, this composition is at present rather uneven. From circulars issued recently by the Wool Control, you may have noted that preparations are now being made for working towards a more balanced supply in order to lessen these problems when auctions are started in the summer - as it is hoped they will be.

The new marketing arrangement is often compared with the BAWRA scheme which was the scheme operated for the disposal of wool stocks at the end of the last war. On the surface there is some likeness between the two schemes. In both cases, the reason for their institution was the existence of wool stocks accumulated under war conditions. In both cases, it was decided to set up a company for the purpose of regulating the supply of old clip wool brought on the market. But there are some fundamental differences between the two schemes. In this brief summary I can only name some of the most important and I shan't deal with the constitutional factors but merely with the market functions. The stocks taken over by BAWRA were large; much larger, in fact, than stocks of Dominion wool at any previous time - but they were none the less only about one quarter of the size of stocks taken over by J.O. And to deal effectively with this larger accumulation of stocks, the market function

of J.O. had also to be framed on a much more comprehensive basis than those of BAWRA Three important points of difference may be mentioned:

In the first place, BAWRA had no responsibility for the market disposals of current clips.

Secondly - with the exception of a six months' period in Australia in 1921 - the Directorate of BAWRA had no power to fix reserve prices for "new clip" wool.

Thirdly, BAWRA's functions were not conceived on such a wide basis as to include active steps with a view to stimulating demand by all possible means; whilst J.O. will be much concerned with this aspect too.

The responsibility for lifting the unsold surplus of new clip wool from the market is probably the most novel of J.O.'s functions. There are some who maintain that this may be dangerous by giving too much security to the growers and too much encouragement to the expansion of wool production. But it must be remembered in this connection that the new scheme does not give any guarantee in regard to the level of reserve prices at which unsold "new clip" wool is to be lifted. The growers themselves take a farsighted attitude and are in favour of fixing these reserves at very reasonable levels. And when you look at it in this way, you will find that the situation is not nearly as novel as it might appear at first sight; because the past history of wool marketing shows that even in the absence of any form of management, growers were, in fact, able to dispose of the bulk of their clip each season. Changes in demand were reflected in market values and not in the volume of sales. The fluctuations in market values during the inter-war period were extremely large and sudden and the evening out of these sharp and erratic short-term variations will, I feel sure, be in the interests of all sections of the industry.

The tasks confronting the new Joint Organisation are great. Those responsible for the new plan are well aware that no innovations in marketing technique, however well planned, can be sufficient in themselves to solve the basic problems which will depend on much wider aspects of world economic stability and prosperity. But in so far as marketing technique can play a part, I think that the approach chosen by the London Wool Conference was a wise one and a well balanced one and there is good reason to hope that it will meet with success.

We at the International Wool Secretariat will try to do our share by furthering research and promotion in the interests of wool. As the name of our organisation implies, our aims are international and concerned with the interests of wool anywhere in the world - but I should just like to say how very much we treasure our very special links with your great centre of industry. We feel that your interests are very closely bound up with ours and we shall always consider it as one of our foremost tasks to be of service to you. I hope you won't hesitate to let us know whenever there is any matter - large or small - where you feel we might be of assistance. I am sure I am speaking on behalf of all wool producers if I express admiration and gratitude for the achievements of your unique industry which has done so much for the great reputation of wool all over the world.